

**COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTERS	<input type="checkbox"/>	DATE	<u><b>August 8, 2007</b></u>
MOTOR CARRIER MATTERS	<input type="checkbox"/>	DOCKET NO.	<u><b>2005-385-E</b></u> <u><b>2005-386-E</b></u>
UTILITIES MATTERS	<input checked="" type="checkbox"/>		<u></u>

**SUBJECT:**

DOCKET NO. 2005-385-E – Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1251 (Net Metering and Additional Standards) of the Energy Policy Act of 2005 – Discuss this Matter with the Commission.

DOCKET NO. 2005-386-E – Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1252 (Smart Metering) of the Energy Policy Act of 2005

**COMMISSION ACTION:**

On May 15, 2007, parties presented testimony and exhibits dealing with implementing in South Carolina the Net Metering and Smart Metering provisions of the Energy Policy Act of 2005. The regulated investor owned utilities in South Carolina to which the Net Metering and Smart Metering provisions are applicable and the Office of Regulatory Staff presented a joint proposal for the disposition of these two matters.

With respect to Net Metering, the Utilities and ORS proposed implementing the same program that has been implemented in North Carolina. In short, a customer who opts to be net metered would be subject, on a monthly basis to: a Basic Facilities Charge at the tariff rate; a Demand Charge at the tariff rate for the customer's highest demand in that month; on-peak customer generation will offset the customer's on-peak consumption, with the net on-peak consumption billed at the on-peak tariff rate; off-peak customer generation will offset the customer's off-peak consumption, with the net off-peak consumption billed at the off-peak tariff rate; excess on-peak customer generation can be used to offset customer's off-peak consumption, but not vice versa, recognizing the higher cost of on-peak generation; in no case will the charge to the customer be less than zero; customer credits will carry over to the succeeding month for one year. After one year, any remaining credits are zeroed out; and, Excess Renewable Energy Credits (Green Tags) will be granted to the utility. The joint proposal is designed to maintain system reliability while allowing utilities and consumers to test net metering. It is also designed to preclude subsidization of net metering customers by those who chose not to net meter.

I move to adopt the joint proposal as offered with two exceptions. Residential and small commercial customers currently have a choice to be on a flat rate tariff or a time-of-use tariff with a demand component. I would like to explore offering a similar choice to customers who would like to take advantage of net metering. Therefore, I move that, within 90 days of the date of this Commission's order, the utilities provide a proposed tariff that would allow a similar choice for customers who choose to net meter. Specifically, the tariff should be designed to allow residential and small commercial customers to pay the utility's existing flat kWh rate for any power purchased from the utility, while receiving a credit for any excess generation provided to the utility on a peak/off-peak or real time pricing basis. All other aspects of the utilities' proposed net metering program would remain the same. This tariff should be designed to eliminate, as much as possible, any cross-subsidization of customers. If, after investigation, any utility believes that such a tariff is not feasible, they should explain the reasons for this conclusion, within 60 days, in lieu of proposing the requested tariff.

Secondly, I recognize that Renewable Energy Credits are not currently being traded, and thus have no applicability at this time. Therefore, I move that we address ownership of Renewable Energy Credits when a viable market exists.

With respect to Smart Metering, the utilities and ORS point out that our regulated utilities all have offered time-based rate schedules for some time and that a number of large load customers take advantage of programs which provide real-time load data to facilitate customers managing their power requirements.

Their proposal concludes that this offering meets the pertinent EAct 2005 requirements. In general, I support this position. Therefore, I move to accept the joint position of the regulated utilities and ORS that adoption of the Federal standards is not necessary.

However, I note the conspicuous lack of focus on residential and commercial customers with respect to Smart Metering. One reason for the low usage of smart meters by residential and commercial customers may be a lack of knowledge on the part of those customers with respect to the availability and capability of Smart Meters. I move the Commission order the utilities to continue to make smart meters available to all customers, and order the utilities to propose, within 180 days from the date of the Commission's order, a communications plan to inform all customers of the availability and capability of Smart Meters, how they may use those capabilities to better manage their power requirements, and any additional costs and available payment arrangements for those costs.

An additional issue that arose from testimony at the Smart Metering hearing involved internal smart metering installed by some Wal-Mart stores. Wal-Mart's witness requested that it not have to pay for a utility-installed smart meter if Wal-Mart has already installed a smart meter at a store. Instead of ruling on this issue based on the limited record currently presented in this docket, I believe we should encourage Wal-Mart and the utility to try to resolve all issues concerning the installation of and payment for smart meters through negotiation. If negotiations are unsuccessful, a party can file a formal complaint with the Commission.

PRESIDING	<u>Hamilton</u>				Session: Regular
	MOTION	YES	NO	OTHER	Time of Session <u>2:30 PM</u>
CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		APPROVED _____
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		APPROVED STC 30 DAYS _____
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		ACCEPTED FOR FILING _____
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		DENIED _____
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		AMENDED _____
MOSELEY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		TRANSFERRED _____
WRIGHT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		SUSPENDED _____
					CANCELED _____
					SET FOR HEARING _____
					ADVISED _____
					CARRIED OVER _____
					RECORDED BY <u>SCHMIEDING</u>